THE
Market Administrator's
BULLETIN

Fred W. Foster
MARKET ADMINISTRATOR

Published at 79 East State Street, Columbus 15, Ohio
ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

APRIL, 1962 Vol. 18 No. 4

Secretary of Agriculture Freeman Speaks on Dairy Price Supports

The Agriculture Act of 1949 requires that the Secretary of Agriculture set dairy support prices at 75 percent of parity or at whatever higher level will provide an adequate supply.

Dairy product supplies are larger than at any time in history. We also anticipate that in the coming year the Government will be purchasing about 9 percent of the total milk marketed, as compared to about 5 percent in 1956, about 4 percent in 1958, and about 9 percent in the current year.

Through mid-March of this year, Commodity Credit Corporation purchases have totaled about 375 million pounds of butter, 160 million pounds of cheese and about 914 million pounds of nonfat dry milk.

The supply situation being what it is, USDA's General Counsel has advised me that the support level must be met at 75 percent of parity — the legal minimum.

The President, recognizing that a drop to 75 percent of parity represents a substantial loss of dairy farmer income, recommended to the Congress that a special resolution be passed to authorize the Department to maintain dairy supports at the present $3.40 per hundredweight level for the remainder of the year. Without this action, dairy income will fall by some $250 million this year.

The temporary action was proposed to keep dairy income at current levels while a permanent program could be developed to balance supply and demand and prevent a pileup of dairy products at heavy cost to the taxpayer.

The Congress did not follow the President's recommendation. This being the case, pursuant to the law the Secretary has acted to lower dairy price supports to 75 percent of parity beginning April 1, 1962.

Even at 75 percent of parity, the cost of the program for 1962 is estimated to be $523 million. Maintaining the present support level until Congress could act on new legislation would have increased costs by about $100 million, but the increase in farmer income woud have been almost twice as great as the increase in cost.

The current supply and demand situation, with resulting heavy government cost, together with the prediction for next year's cost of $523 million even at 75 percent of parity, makes it clear that if dairy income is to be protected and if support prices are to be maintained, a long-term program to balance supply with demand is essential.

The dairy farmer is one of the most underpaid persons in the Nation. His hourly income ranges from as low as 56 cents in western Wisconsin and 33 cents in eastern Wisconsin to 67 cents in the northeastern United States and 49 cents in southeastern Minnesota.

The dairy farmer must and can have parity of income with other occupations requiring like amounts of capital, labor and managerial skill. Yet it is clear that this goal cannot be reached under the present law, no matter how that law is applied. If we are to be realistic, then we must look to the techniques of supply management.

I am hopeful that the Congress will move to enact dairy legislation which will provide the farmer with an opportunity to earn an income on a par with other occupations and will, at the same time, protect the taxpayer.

The Department will continue to work in cooperation with the Congress in any and all possible ways to achieve better income opportunities for the dairy farmer.

I am hopeful that the Congress will act yet this year so that the income of dairy farmers can be increased rather than dropped, and so we can resume progress towards parity of income to which the dairy farmers are entitled.

COLUMBUS, OHIO Milk Marketing Area
Room 505, Hartman Bldg., 79 East State St., Columbus, Ohio

Federal Order No. 35
Telephone CApital 4-5197

Columbus

Market Facts

MARKET FACTS FOR EASY REFERENCE

	March 1962	Feb 1962	March 1961
PRICE SUMMARY			
Producers' Uniform Price (3.5%)	$4.20	$4.28	$4.20
Producers' Uniform Price (4%)	4.575	4.66	4.575
Class I (3.5%)	4.40	4.516	4.44
Class II (3.5%)	4.011	4.116	4.04
Class III (3.5%)	3.849	3.887	3.804
Class IV (3.5%)	3.249	3.261	3.090
Producer Butterfat Differential for each one-tenth percent	7.5¢	7.6¢	7.5¢
UTILIZATION SUMMARY			
Percent of Producer Milk in Class I	77.2	77.5	76.2
Percent of Producer Butterfat in Class I	71.8	70.2	72.4
Percent of Producer Milk in Class II	8.8	6.8	8.4
Percent of Producer Butterfat in Class II	2.5	1.9	2.7
Percent of Producer Milk in Class III	3.0	2.0	1.9
Percent of Producer Butterfat in Class III	4.0	2.8	3.4
Percent of Producer Milk in Class IV	11.0	13.7	13.5
Percent of Producer Butterfat in Class IV	21.7	25.1	21.5
PRODUCTION SUMMARY			
Total Pounds of Producer Milk Delivered	34,362,548	30,576,654	31,091,341
Average Daily Class I Producer Milk	855,784	846,068	764,201
Total Number of Producers	1,328	1,326	1,459
Average Daily Production per Producer	835	824	687
Average Butterfat Test	3.89	3.93	3.77
Total Value of Producers Milk at Test	$1,542,522.15	$1,405,441.58	$1,368,119.14
Income per Producer (7 day average)	$262.28	$264.28	$211.74
GROSS CLASS USE (Pounds)			
Class I Skim	25,570,815	22,846,772	22,840,754
Class I Butterfat	958,487	843,141	849,487
Class I Milk	26,529,302	23,689,913	23,690,241
Class II Skim	3,120,000	2,058,260	2,659,988
Class II Butterfat	33,153	23,217	31,823
Class II Milk	3,153,153	2,081,477	2,691,811
AVERAGE DAILY SALES (Quarts)			
Milk	312,955	306,296	303,718
Buttermilk	5,067	4,657	4,842
Chocolate	16,759	16,969	16,864
Skim	12,576	12,321	12,805
Cream	8,928	8,724	8,695

COMPARATIVE STATISTICS ☆ COLUMBUS MARKETING AREA ☆ March, 1953 - '62

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1953......	22,331,834	3.98	72.0	20.0	8.0	——	4.47	4.676	4.276	3.599	——	2,237	322
1954......	24,837,916	3.97	69.0	14.9	16.1	——	4.06	4.303	3.903	3.427	——	2,214	362
1955......	24,673,521	3.88	73.4	9.6	8.3	8.7	4.00	4.228	3.828	3.828	3.152	2,110	377
1956......	26,122,629	3.85	73.1	10.8	8.0	8.1	3.97	4.20	3.80	3.80	3.124	2,069	407
1957......	24,561,765	3.77	83.6	10.8	2.8	2.8	4.46	4.566	4.166	4.066	3.063	1,918	413
1958......	25,204,863	3.78	80.9	10.1	3.9	5.1	4.34	4.493	4.093	3.993	3.070	1,833	444
1959......	24,683,556	3.81	85.2	10.2	1.2	3.4	4.28	4.394	3.994	3.894	2.871	1,687	472
1960......	28,724,747	3.98	82.5	8.6	2.2	6.7	4.24	4.419	4.019	3.697	2.981	1,704	544
1961......	31,091,341	3.77	76.2	8.4	1.9	13.5	4.20	4.44	4.04	3.804	3.090	1,459	687
1962	34,362,548	3.89	77.2	8.8	3.0	11.0	4.20	4.40	4.011	3.849	3.249	1,328	835

DHIA Cows Return Average of $88 Per Cow Above Estimated Expenses

Dairy cows in the National Cooperative Dairy Herd Improvement Association program returned herd owners an estimated average profit of $88 per head last year, the U. S. Department of Agriculture reports.

These high DHIA returns show that sound management, based on record-keeping improvement programs, can lead to profitable dairying, USDA says. Records help dairymen cull low-producing cows, feed each animal according to production, and select the best stock for breeding herd replacements.

Dairymen in the DHIA continue to improve production of their herds faster than other dairymen.

DHIA cows boosted average annual production from 8,133 pounds of milk in 1940 to a 1961 record of 10,796 pounds per cow, an average yearly improvement rate of about 121 pounds.

U. S. dairy cows not in DHIA increased their average production more slowly — 4,519 pounds in 1940 to 6,780 pounds in 1961. This was about 103 pounds of production improvement a year.

It is more difficult to improve high-producing herds than low-producing herds, according to Dr. J. Frank Kendrick, head of the Dairy Herd Improvement program for USDA's Agricutural Research Service. He says improvement in the better herds requires better planning, feeding, and management. Record keeping helps DHIA members meet these requirements.

The DHIA program is growing. Latest figures show that on January 1, a total of 2,727,274 cows — 15.7 percent of the U. S. dairy cow population — were enrolled in the DHIA. Only about 11 percent were in the program three years ago.

Enrollments are increasing in two of the three record-keeping plans offered by DHIA.

Nearly 2 million cows are now enrolled in the Standard Record Keeping Plan, about 5 percent more than in 1961; nearly 700,000 cows in the Owner-Sampler Plan, a 6.5 percent increase; and about 69,000 cows in the Weigh-a-Day-a-Month Plan, a .3 percent decrease from 1961.

Because Weigh-a-Day-a-Month was designed to introduce dairymen to record keeping, Dr. Kendrick says the decrease means that farmers start in this plan then shift to one of the others. Thus, the introductory plan is serving its purpose.

MILK-FEED RATIO FALLS SLIGHTLY

The Dairy Situation, Economic Research Service USDA, February 1962

The milk-feed ratio was 1.47 in mid-January, down 5 points from a year ago. Although a further decline can be expected as a result of rising feed prices and falling milk prices, the ratio will still remain favorable to high levels of concentrate feeding. The possible exception is in the Northeast. There declining milk prices give the region the least favorable milk-feed ratio and may cause some decline in feeding.

The value of 100 pounds of concentrate ration fed to milk cows was 5 cents higher in milk-selling areas in January 1962 than a year earlier. However, the value of feed represents only about 50 percent of the total operating cost of producing milk, and home-grown and purchased concentrates represent about half of feed costs. Therefore, these small increases have only a slight effect on the total cost of producing milk and by themselves would not be enough to affect the rate of milk production. In the present situation, the movement of prices farmers receive for milk is more important than changes in the price of feed.

Pounds of grain fed per cow were a record 8.37 on February 1. This high rate of concentrate feeding reflects the continuation of the favorable milk-feed price ratio that has persisted for several years.

In 1960 and 1961, the milk-feed price ratio for the United States averaged 1.45 as compared with 1.31 in 1950-69. For the last 4 years, 1958-61, it has been above the 1950-59 average.

Milk Cow Numbers Register Small Decline

The Dairy Situation, Economic Research Service USDA, February 1962

The number of milk cows on farms was about stabilized in 1961. On January of this year, 19,215,000 cows and heifers 2 years old and over were reported on farms as compared with 19,342,000 a year earlier. This drop of 0.7 percent is less than the decline of 0.9 percent during 1960. Except at intervals in 1926-28 and 1936-39, milk cow numbers moved upward from 1920 until 1945. Since then, they have fallen every year except in 1953 and 1954. In the last two years, the rate of decline has become smaller than in 1958 and 1959, in response to improved milk-beef cattle price reationships and continuing favorable milk-feed price ratios.

The small declines in the number of milk cows in 1960 and 1961, along with favorable prices for milk and feed, were important to the milk production picture. In both years, the decline in cow numbers was offset by increasing production per cow, which rose to 7,000 pounds for the first time in 1960 and reached 7,211 pounds in 1961.

Changes in milk cow numbers are the direct result of changes in: (1) the number of replacement stock and (2) the rate at which cows are culled from dairy herds or die. Both of these factors have become more favorable to maintaining cow numbers over the past several years. The number of heifers 1-2 years old per 100 milk cows had increased every year from 1957 to 1961 and had established new highs in each year 1959 to 1961. However, in 1962, the number fell slightly. Similarly, heifer calves under 1 year old kept for milk cows reached 28.7 per 100 milk cows January 1, 1960, and 29.1 in 1961, both new records. The number of replacement stock per 100 cows, particularly older heifers, has trended upward since the 1920's in contrast to the generally downward movement in the number of milk cows since the 1930's. This upward movement reflects the increased use of high quality sires and greater interest by dairy farmers in the use of replacement stock to improve the miking record of their herds.

The number of cows and heifers eliminated from herds has been declining since 1958. The number eliminated per 100 cows, which had reached a peak of 29.4 in 1958, fell to 27.0 in 1960 and to 26.8 in 1961, still higher than in the early 1950's. The decrease was associated with a decline in the average price of cutter and canner cows at Chicago from 16.27 cents in 1959 to 14.14 cents in 1960 and 14.38 cents in 1961. Until 1959, the average price farmers received for milk cows had moved up or down as the average price for cutter and canner cows changed.

Market Quotations

MARCH 1962

MINNESOTA - WISCONSIN PRICE SERIES	$3.21
MIDWEST CONDENSERIES 3.5% per Cwt.	3.061
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.825
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.299
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Tri-Sate)	3.198
Average Weekly Cheddars price per lb.	.34850
Average price per lb. 92-score butter at Chicago	.60466
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.1506

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